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[Documents to be submitted]	Quarterly Securities Report
[Clause of stipulation]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act
[Submit to]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	November 10, 2023
[Quarterly accounting period]	Second quarter of 78th term (From July 1, 2023 to September 30, 2023)
[Company name]	ANEST IWATA Kabushiki Kaisha
[English name]	ANEST IWATA Corporation
[Title and name of representative]	Shinichi Fukase, President, Representative Director and Chief Executive Officer
[Location of head office]	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi, Kanagawa
[Telephone number]	Yokohama (045) 591-9344
[Administrative contact name]	Takayoshi Iribe, General Manager, Corporate Planning Department
[Nearest contact location]	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi, Kanagawa
[Telephone number]	Yokohama (045) 591-9344
[Administrative contact name]	Takayoshi Iribe, General Manager, Corporate Planning Department
[Places for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Note: This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

Part 1 [Corporate Information]

Section 1 [Company Overview]

1. [Trends in major management indicators, etc.]

Term		77th term	78th term	77th term
Accounting period		Six months ended September 30, 2022	Six months ended September 30, 2023	Fiscal year ended March 31, 2023
Net sales	(million yen)	22,613	25,898	48,515
Ordinary profit	(million yen)	3,098	3,951	7,043
Profit attributable to owners of parent	(million yen)	1,973	2,623	4,381
Comprehensive income	(million yen)	4,991	5,100	7,064
Net assets	(million yen)	44,007	49,062	45,255
Total assets	(million yen)	59,194	64,080	60,136
Basic earnings per share	(yen)	48.75	64.82	108.25
Diluted earnings per share	(yen)	—	—	—
Equity ratio	(%)	65.5	67.8	66.6
Cash flows from operating activities	(million yen)	797	1,914	4,329
Cash flows from investing activities	(million yen)	(1,568)	75	(3,323)
Cash flows from financing activities	(million yen)	(1,324)	(1,534)	(2,357)
Cash and cash equivalents at end of period	(million yen)	11,692	13,130	12,080

Term		77th term	78th term
Accounting period		Three months ended September 30, 2022	Three months ended September 30, 2023
Basic earnings per share	(yen)	28.80	30.82

- (Notes) 1. Since the Company prepares quarterly consolidated financial statements, the trends in major management indicators, etc. of the submitting company are not described.
2. Diluted earnings per share is not stated because there are no diluted shares.
3. The Company has introduced the "Board Benefit Trust (BBT)," a performance-based stock compensation plan, since the 74th consolidated fiscal year. Accordingly, in the calculation of the basic earnings per share, the Company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the period-end and the average number of shares outstanding in the period.
4. Effective from the first three months of the 78th term, the monetary presentation unit has been changed from thousand yen to million yen. In order to facilitate comparison, the figures for the first six months of the 77th term along with 77th term are also presented in the units of million yen.

2. [Business description]

There has been no significant change in the content of business activities of the Group (the Company and its affiliated companies) during the current consolidated cumulative second quarter. Changes in affiliated companies are as follows.

ANEST IWATA USA, Inc., which was a consolidated subsidiary in the U.S., was excluded from the scope of consolidation because it was dissolved through an absorption-type merger with another consolidated subsidiary, ANEST IWATA AIR ENGINEERING, Inc. as the surviving company effective January 1, 2023. The surviving company, ANEST IWATA AIR ENGINEERING, Inc. changed its name to ANEST IWATA Americas, Inc.

As a result, as of September 30, 2023, the Group consists of our Company, 31 consolidated subsidiaries, and two affiliates.

Section 2 [Status of Business]

1. [Business risks]

During the current consolidated cumulative second quarter, among the matters related to the status of business and accounting, etc. stated in this Quarterly Securities Report, there were no major risks that the management recognized as having the potential to have a significant impact on the financial condition, results of operations and cash flow of the consolidated companies, or any significant changes to the "Business Risks" stated in the Annual Securities Report for the previous fiscal year. There were no important events, etc.

2. [Management's analysis of financial condition, results of operations and cash flow]

Matters related to the future appearing in this text have been judged by our Group as of the last day of the current consolidated second quarter.

(1) Financial condition and results of operations

(i) Overview and results of operations

During the current consolidated cumulative second quarter, the global economy showed increasing signs of stagnation due to prolonged global inflation, continued monetary tightening, and slowdown of the Chinese economy. The Japanese economy continues to show improvement due to the continued expansion of inbound demand and a moderate recovery in personal consumption, especially in services.

Under these circumstances, our business performance for the current consolidated cumulative second quarter is as follows: net sales standing at 25,898 million yen (up 14.5% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 2,866 million yen (up 22.5%), ordinary profit at 3,951 million yen (up 27.5%) and profit attributable to owners of parent at 2,623 million yen (up 32.9%).

(Reference values) Results of each division

(Amount: million yen)

Division	(Product category)	Six months ended September 30, 2023			
		Consolidated net sales	Change from the corresponding period of the previous fiscal year	Consolidated operating profit	Change from the corresponding period of the previous fiscal year
Air Energy Division		15,967	16.5%	1,413	6.2%
	Air Compressors	14,522	15.4%		
	Vacuum Equipment	1,445	29.6%		
Coating Division		9,930	11.4%	1,452	43.9%
	Coating Equipment	8,755	8.7%		
	Coating Systems	1,175	37.2%		
Total		25,898	14.5%	2,866	22.5%

(Note) The consolidated operating profit of each division is calculated with our Group's unique standard.

(ii) Results of operations by segment

Results of operations by regional segment, which our Group adopts, are as described below. For details, refer to (Segment information, etc.) in "Section 4 [Status of Accounting] – 1. [Quarterly consolidated financial statements] – [Notes]."

Japan

Net sales stood at 13,256 million yen (up 15.6% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 1,866 million yen (up 25.4%).

In the air compressor field, sales remained strong for oil-free air compressors, including the medium-range compressors.

In the vacuum equipment field, sales of vacuum pumps increased, supported by improved market conditions of semiconductor products.

In the coating equipment field, in addition to our mainstay spray guns, sales of environmental equipment grew as a result of capturing last-minute demand due to price increases starting in October and thorough property management.

In the coating system field, sales increased due to the successful deliveries of coating systems for industrial machinery, including large-scale projects.

Europe

Net sales stood at 4,558 million yen (up 23.8% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 524 million yen (up 102.4%). The increase in profit is largely due to higher sales of coating equipment and the completion of amortization of goodwill of a subsidiary acquired in 2017.

In the air compressor field, sales of oil-free air compressors increased due to continuous rise in demand from OEM customers and also because of continuous efforts taken to develop sales channels with equipment manufacturers.

In the coating equipment field, sales of new spray guns for the car repair market that were launched in the previous fiscal year remained strong, while sales of airbrushes increased.

Americas

Net sales stood at 3,529 million yen (up 20.5% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 469 million yen (up 38.0%).

In the air compressor field, sales of in-vehicle compressors increased mainly in the United States and Brazil.

In the vacuum equipment field, sales increased as a result of effective sales activities that resulted from the acquisition of a portion business from an American vacuum equipment distributor in the first quarter of the fiscal year.

In the coating equipment field, mainly the sales of spray guns increased. In addition, we have begun selling spray guns for the car repair market, which were first launched in Europe and were highly successful.

China

Net sales stood at 5,959 million yen (up 16.2% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 297 million yen (down 3.7%). The decline in profit was due to higher purchasing prices at the local subsidiaries, a decline in net sales, and increase in labor costs.

In the air compressor field, export sales of Shanghai Screw Compressor Co., Ltd. continued to be strong due to successful sales promotion activities at international exhibitions held during the first quarter of the fiscal year. In addition, sales of air compressors used in the manufacturing of lithium-ion batteries also increased.

In the vacuum equipment field, sales of vacuum pumps for semiconductor production-related equipment and lithium-ion battery manufacturing increased.

In the coating equipment field, sales declined because of shrinking demand due to the slowdown of the Chinese economy.

In the coating system field, sales declined as a result of a reduced appetite for capital investment among Japanese auto parts manufacturers.

Others

Net sales stood at 4,765 million yen (up 2.2% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 764 million yen (up 10.1%).

In the air compressor field, overall sales increased due to the partial completion of the capital investment process in India to increase production capacity in the first quarter of the fiscal year and the successful development of sales channels in Thailand.

In the coating equipment field, sales increased for spray guns in India and East Asia and for coating material feeding equipment in Southeast Asia.

In the coating system field, sales decreased due to delays in the deliveries for large-scale projects due to reasons attributable to customers, while the backlog of orders for coating systems for automotive parts manufacturing in India increased.

(iii) Analysis of financial condition

For assets, our current assets stood at 39,672 million yen (up 7.9% from the previous consolidated fiscal year). This was mainly due to increases of 1,294 million yen in "Notes and accounts receivable-trade" and 655 million yen in "Raw materials and supplies." Our non-current assets stood at 24,407 million yen (up 4.5%). This was mainly due to increases of 104 million yen in "Goodwill" and 217 million yen in "Investment securities." As a result, our total assets stood at 64,080 million yen (up 6.6%).

For liabilities, our current liabilities stood at 11,828 million yen (up 0.9%). This was mainly due to an increase of 253 million yen in "Notes and accounts payable-trade." Our non-current liabilities stood at 3,190 million yen (up 0.9%). This was mainly due to an increase of 64 million yen in "Retirement benefit liability." As a result, our total liabilities stood at 15,018 million yen (up 0.9%).

Our net assets stood at 49,062 million yen (up 8.4%). This was mainly due to an increase of 1,394 million yen in "Foreign currency translation adjustment" owing to the depreciation of yen. Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 43,441 million yen, increasing our equity ratio by 1.2 percentage points to 67.8%, from 66.6% at the end of the previous consolidated fiscal year.

(2) Cash flow

Cash and cash equivalents (referred to as "funds" in the remainder of this document) for the current consolidated cumulative second quarter increased by 1,049 million yen from the end of the previous consolidated fiscal year, to 13,130

million yen (up 8.7% from the end of the previous consolidated fiscal year). Each cash flow in the current consolidated cumulative second quarter, as well as the causes, are as described below.

(i) Cash flows from operating activities

As a result of operating activities, the fund balance shows earnings of 1,914 million yen (up 140.2% from the same period of the previous fiscal year), mainly due to an increase of 806 million yen in "Profit before income taxes," as well as the inclusion of 1,000 million yen in expenses associated with the establishment of a retirement benefit trust in the previous fiscal year.

(ii) Cash flows from investing activities

As a result of investing activities, the fund balance shows earnings of 75 million yen (compared to expenses of 1,568 million yen in the same period of the previous year), mainly due to an increase of 888 million yen in "Proceeds from withdrawal of time deposits" and a decrease of 334 million yen in "Purchase of property, plant and equipment."

(iii) Cash flows from financing activities

As a result of financing activities, the fund balance shows expenses of 1,534 million yen (up 15.9% from the same period of the previous year), mainly due to an increase of 199 million yen in "Dividends paid."

(3) Management policy and strategy, etc.

The Company has started business activities based on a new three-year Medium-Term Business Plan from the fiscal year ended March 31, 2023.

Based on this plan, we have positioned overseas as our growth market and will continue to provide "product development that impresses all customers" and "high performance and high quality" as a "true development-oriented company."

Outline of the new Medium-Term Business Plan

(i) Numerical targets

Key Goal Indicators (KGIs) for the fiscal year ending March 31, 2025
 Consolidated net sales of 55.5 billion yen or more, consolidated operating profit of 6.5 billion yen or more, ROE of 10% or more
 (Based on organic growth. The following reference values indicate the breakdown.)

1) Air energy business

Consolidated net sales of 33.5 billion yen or more and consolidated operating profit of 3.65 billion yen or more

2) Coating business

Consolidated net sales of 22.0 billion yen or more and consolidated operating profit of 2.85 billion yen or more



(ii) Concept

As a specialized manufacturer, it is our mission to create products and technologies that can contribute to solving social issues in our target markets and provide a wide range of products and technologies to society, and in this way, pursuing social value and capturing new business opportunities will lead to our growth.

(iii) Basic strategy

- 1) Create "ONLY ONE" products appropriate for each region in the world and capture "NUMBER ONE" market share
- 2) Maximize synergy among subsidiaries to demonstrate effectiveness
- 3) Expand service business in Japan and reform business model
- 4) Develop new businesses
- 5) Strengthen sustainability management
 - a. As a specialized manufacturer, our Company's emphasis on each of E, S, and G has been the driving force behind our achievement of the highest earnings in FY2022, and the continuation and strengthening of this emphasis is the central idea behind "500 & Beyond." Under "VISION 2030 (Adding color to the world and bringing about an enriched society with fluid and air technologies)," we have examined materiality and set sustainable goals
 - b. Investment in and development of human resources
 - In the current Medium-Term Business Plan period, we will emphasize investment in human resources, strengthen "each individual's earning power" by adopting total personnel cost management, and improve labor productivity
 - Continued evolution of work style reforms and health management to enhance corporate value
 - c. Product development from the perspective of SDGs and contribution to society

(4) Businesses and financial issues to be addressed on priority

There were no significant changes in the issues to be addressed by the Group during the current consolidated cumulative second quarter.

(5) Basic policy regarding persons who control decisions on financial and business policies

There were no changes in this policy during the current consolidated cumulative second quarter.

(6) Research and development activities

Total research and development expenses for the current consolidated cumulative second quarter amounted to 412 million yen. Other expenses of 298 million yen used for product improvement and modification are included in manufacturing expenses. The reporting segments are Japan, Europe and China, and Japan accounts for 576 million yen out of the total of 711 million yen.

(7) Number of employees

(i) Status of the Company and its consolidated companies

Reporting segment	(Persons)					
	Japan	Europe	Americas	China	Others	Total
As of September 30, 2023	628	205	107	428	469	1,837
As of March 31, 2023	625	198	109	417	450	1,799

(Note) The number of employees is the number of full-time employees.

(ii) Status of the submitting company

(Persons)	
As of September 30, 2023	599
As of March 31, 2023	601

(Note) The number of employees is the number of full-time employees.

(8) Status of production, orders received and sales

(i) Production results

Reporting segment	(Amount: million yen)					
	Japan	Europe	Americas	China	Others	Total
Six months ended September 30, 2023	10,708	1,491	654	3,770	3,070	19,695
Six months ended September 30, 2022	8,719	1,207	371	2,933	2,797	16,029

(Notes) 1. The growth in Japan is mainly due to the increased production of air compressors.

2. The growth in the Americas is mainly due to the results of subsidiaries that manufacture air compressors and vacuum equipment.

3. The growth in China is mainly due to the results of subsidiaries that manufacture air compressors.

(ii) Orders received and order outstanding

(Amount: million yen)

Reporting segment	Japan	Europe	Americas	China	Others	Total
Orders received in the current consolidated cumulative second quarter	481	—	3	136	246	868
Order outstanding in the current consolidated cumulative second quarter	366	—	—	113	431	911
Orders received in the previous consolidated cumulative second quarter	219	—	7	194	118	539
Order outstanding in the previous consolidated cumulative second quarter	1,336	—	4	142	113	1,596

(Notes) 1. These orders received and order outstanding are for coating system products. Orders received and order outstanding are not subject to management because of the short time from order to sale, except for coating system products.

2. The increase in orders received in Japan is mainly due to increased capital investment related to the production of construction materials and electrical components.
3. The decrease in order outstanding in Japan is mainly due to decreased capital investment related to automobile manufacturing.
4. The increase in orders received and outstanding in Others is mainly due to increased capital investment related to automobile manufacturing in India and wood products manufacturing in Indonesia.

(iii) Sales results

(Amount: million yen)

Reporting segment	Japan	Europe	Americas	China	Others	Total
Six months ended September 30, 2023	9,085	4,184	3,316	5,445	3,866	25,898
Six months ended September 30, 2022	7,890	3,560	2,704	4,710	3,747	22,613

(Note) The growth in the Americas was mainly due to increased air compressor sales in the U.S.

3. [Important business contracts, etc.]

There are no relevant matters.

Section 3 [Status of the Submitting Company]

1. [Status of shares, etc.]

(1) [Total number of shares, etc.]

(i) [Total number of shares]

Class	Total number of shares authorized to be issued (shares)
Common shares	189,290,000
Total	189,290,000

(ii) [Shares issued]

Class	Number of shares issued as of the end of the second quarter (shares) (September 30, 2023)	Number of shares issued as of the date of submission (shares) (November 10, 2023)	Name of listed stock exchange or registered authorized financial instruments firms association	Description
Common shares	41,745,505	41,745,505	Prime Market of Tokyo Stock Exchange	Number of shares constituting one unit: 100 shares
Total	41,745,505	41,745,505	—	—

(2) [Status of subscription rights to shares, etc.]

(i) [Details of the stock option plan]

There are no relevant matters.

(ii) [Status of other subscription rights to shares, etc.]

There are no relevant matters.

(3) [Status of exercise of bonds with subscription rights to shares with exercise price amendment clause, etc.]

There are no relevant matters.

(4) [Changes in the total number of shares issued, share capital, etc.]

Date	Changes in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in share capital (million yen)	Balance of share capital (million yen)	Changes in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
September 30, 2023	—	41,745,505	—	3,354	—	1,380

(5) [Status of major shareholders]

As of September 30, 2023

Name	Address	Number of shares held (thousand shares)	Ratio of number of shares held to total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	5,078	12.5
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	4,184	10.3
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	2,272	5.6
ANEST IWATA Suppliers' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,991	4.9
ANEST IWATA Customers' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,911	4.7
The Bank of New York 133652 (Standing proxy: Settlement & Clearing Service Department, Mizuho Bank, Ltd.)	Boulevard Anspach 1, 1000 Brussels, Belgium (2-15-1 Konan, Minato-ku, Tokyo)	1,552	3.8
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	1,520	3.7
ANEST IWATA Employees' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	883	2.2
Kazuya Iwata	Kohoku-ku, Yokohama	773	1.9
KIA Fund 136 (Standing proxy: Citibank, N.A., Tokyo Branch)	Minitries Complex PO Box 64 Satat 13001 Kuwait (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	744	1.8
Total	—	20,911	51.5

(Notes) 1. In addition to the above, the Company owns 1,104 thousand treasury shares.

2. The change report for the report on large volume holdings submitted by the Mitsubishi UFJ Financial Group (Joint owners: MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Kokusai Asset Management Co., Ltd.) on January 31, 2022, mentions that as of January 24, 2022, the company owned 2,357,235 shares. However, the company has not been included in the above major shareholders as we have been unable to confirm the actual number of shares held by the company as of September 30, 2023.

(6) [Status of voting rights]

(i) [Shares issued]

As of September 30, 2023

Classification	Number of shares (shares)	Number of voting rights (units)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 1,104,400	—	—
Shares with full voting rights (other)	Common shares 40,631,300	406,313	—
Shares constituting less than one unit	Common shares 9,805	—	Shares less than one unit (100 shares)
Total number of shares issued	41,745,505	—	—
Voting rights of all shareholders	—	406,313	—

(ii) [Treasury shares, etc.]

As of September 30, 2023

Name of owner	Address of owner	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Ratio of number of shares held to total number of shares issued (%)
(Treasury shares) ANEST IWATA Corporation	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,104,400	—	1,104,400	2.65
Total	—	1,104,400	—	1,104,400	2.65

2. [Status of officers]

There were no changes in officers during the current quarterly cumulative period after the date of submission of the Annual Securities Report for the previous fiscal year.

Section 4 [Status of Accounting]

1. Method of preparation of quarterly consolidated financial statements

- (1) The quarterly consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning Terms, Forms and Preparation Method of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64, 2007).
- (2) Previously, the amounts for accounts presented in the Company's quarterly consolidated financial statements and other items were presented in the units of thousand yen. However, we have changed it to the units of million yen from the first quarter of the consolidated accounting period and the first quarter of the consolidated cumulative period. In order to facilitate comparison, the figures for the previous consolidated fiscal year and the second quarter of the previous consolidated cumulative period are also presented in the units of million yen.

2. About audit certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the quarterly consolidated financial statements pertaining to the second quarter consolidated accounting period (from July 1, 2023 to September 30, 2023) and the second quarter consolidated cumulative period (from April 1, 2023 to September 30, 2023) have been reviewed by Fujimi Audit Corporation.

Seinan Audit Corporation, from which the Company has traditionally received audit certification, merged with Sohken Nichiei Audit Corporation and Nagoya Audit Corporation on October 2, 2023, and changed its name to Fujimi Audit Corporation on the same date.

1. [Quarterly consolidated financial statements]

(1) [Quarterly consolidated balance sheet]

(Amount: million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	14,512	15,315
Notes and accounts receivable-trade	9,102	10,397
Merchandise and finished goods	6,842	7,312
Work in process	1,261	992
Raw materials and supplies	3,740	4,395
Other	1,693	1,800
Allowance for doubtful accounts	(377)	(540)
Total current assets	36,773	39,672
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,590	5,595
Other, net	6,870	7,434
Total property, plant and equipment	12,461	13,029
Intangible assets		
Goodwill	757	861
Other	2,447	2,577
Total intangible assets	3,204	3,439
Investments and other assets		
Investment securities	5,464	5,682
Other	2,243	2,268
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	7,696	7,939
Total non-current assets	23,363	24,407
Total assets	60,136	64,080

(Amount: million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,355	5,609
Short-term borrowings	908	949
Income taxes payable	888	984
Provision for bonuses	844	791
Other provisions	268	227
Other	3,452	3,265
Total current liabilities	11,719	11,828
Non-current liabilities		
Retirement benefit liability	1,188	1,253
Provision for share awards for directors (and other officers)	181	177
Other	1,791	1,759
Total non-current liabilities	3,161	3,190
Total liabilities	14,881	15,018
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus	1,008	1,008
Retained earnings	34,282	36,012
Treasury shares	(1,179)	(1,159)
Total shareholders' equity	37,466	39,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	527	793
Foreign currency translation adjustment	2,034	3,429
Remeasurements of defined benefit plans	(3)	1
Total accumulated other comprehensive income	2,558	4,225
Non-controlling interests	5,229	5,621
Total net assets	45,255	49,062
Total liabilities and net assets	60,136	64,080

(2) [Quarterly consolidated statement of income and comprehensive income]
 [Quarterly consolidated statement of income]
 [Consolidated cumulative second quarter]

(Amount: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	22,613	25,898
Cost of sales	12,917	14,277
Gross profit	9,696	11,620
Selling, general and administrative expenses	*1 7,355	*18,754
Operating profit	2,340	2,866
Non-operating income		
Interest and dividend income	56	100
Foreign exchange gains	515	561
Share of profit of entities accounted for using equity method	176	398
Other	58	67
Total non-operating income	806	1,128
Non-operating expenses		
Interest expenses	25	27
Other	23	15
Total non-operating expenses	48	43
Ordinary profit	3,098	3,951
Extraordinary income		
Gain on sale of non-current assets	4	6
Gain on sale of investment securities	—	14
Gain on liquidation of subsidiaries	*2 56	—
Total extraordinary income	60	20
Extraordinary losses		
Loss on sale and retirement of non-current assets	3	10
Total extraordinary losses	3	10
Profit before income taxes	3,155	3,961
Income taxes - current	970	1,152
Income taxes - deferred	(138)	(232)
Total income taxes	832	920
Profit	2,323	3,041
Profit attributable to non-controlling interests	349	417
Profit attributable to owners of parent	1,973	2,623

[Quarterly consolidated statement of comprehensive income]

[Consolidated cumulative second quarter]

(Amount: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,323	3,041
Other comprehensive income		
Valuation difference on available-for-sale securities	14	266
Foreign currency translation adjustment	2,255	1,523
Remeasurements of defined benefit plans, net of tax	5	4
Share of other comprehensive income of entities accounted for using equity method	392	263
Total other comprehensive income	2,668	2,058
Comprehensive income	4,991	5,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,020	4,289
Comprehensive income attributable to non-controlling interests	971	810

(3) [Quarterly consolidated statement of cash flows]

(Amount: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,155	3,961
Depreciation	853	946
Amortization of goodwill	138	116
Increase (decrease) in allowance for doubtful accounts	32	136
Increase (decrease) in provision for bonuses	12	(55)
Increase (decrease) in provision for product warranties	0	(7)
Increase (decrease) in retirement benefit liability	(5)	36
Decrease (increase) in retirement benefit asset	(12)	0
Contribution to retirement benefit trust	(1,000)	—
Increase (decrease) in provision for bonuses for directors (and other officers)	(42)	(37)
Increase (decrease) in provision for share awards for directors (and other officers)	31	(4)
Interest and dividend income	(56)	(100)
Interest expenses	25	27
Share of loss (profit) of entities accounted for using equity method	40	(120)
Loss (gain) on sale and retirement of non-current assets	(0)	3
Loss (gain) on sale of investment securities	—	(14)
Loss (gain) on liquidation of subsidiaries	(56)	—
Decrease (increase) in trade receivables	(469)	(656)
Decrease (increase) in inventories	286	(54)
Increase (decrease) in trade payables	(353)	(348)
Other	(815)	(868)
Subtotal	1,763	2,961
Interest and dividends received	56	101
Interest paid	(25)	(27)
Income taxes paid	(997)	(1,120)
Net cash provided by (used in) operating activities	797	1,914
Cash flows from investing activities		
Payments into time deposits	(1,255)	(1,352)
Proceeds from withdrawal of time deposits	956	1,845
Purchase of property, plant and equipment	(1,120)	(785)
Proceeds from sale of property, plant and equipment	8	12
Purchase of intangible assets	(224)	(206)
Proceeds from sale of investment securities	—	263
Proceeds from redemption of investment securities	100	300
Loan advances	(1)	(3)
Proceeds from collection of loans receivable	3	5
Other	(35)	(1)
Net cash provided by (used in) investing activities	(1,568)	75

(Amount: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8)	(17)
Repayments of lease liabilities	(141)	(154)
Repayments of long-term borrowings	(21)	(88)
Purchase of treasury shares	(159)	(0)
Dividends paid	(694)	(893)
Dividends paid to non-controlling interests	(298)	(381)
Net cash provided by (used in) financing activities	(1,324)	(1,534)
Effect of exchange rate change on cash and cash equivalents	871	593
Net increase (decrease) in cash and cash equivalents	(1,224)	1,049
Cash and cash equivalents at beginning of period	12,916	12,080
Cash and cash equivalents at end of period	* 11,692	* 13,130

[Notes]

(Changes in the scope of consolidation or application of the equity method)

Effective from the first quarter of the current consolidated fiscal year, ANEST IWATA USA, Inc., which was a consolidated subsidiary, was dissolved through an absorption-type merger on January 1, 2023, with ANEST IWATA AIR ENGINEERING, Inc. as the surviving company. Therefore, it was excluded from the scope of consolidation. The surviving company, ANEST IWATA AIR ENGINEERING, Inc. changed its name to ANEST IWATA Americas, Inc.

(Additional information)

(Performance-based stock compensation plan for directors and corporate officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (referred to as "this plan" in the remainder of this document), targeted at our directors (excluding audit and supervisory committee members and independent directors) and corporate officers who do not concurrently serve as directors (referred to collectively as "directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is referred to as "this trust" in the remainder of this document) acquires Company shares by using the money contributed by us as a fund and through this trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (referred to collectively as "Company shares, etc." in the remainder of this document) to directors and others according to the rules for granting shares. The time at which directors and others can be granted Company shares, etc. is, in principle, the time at which the directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the amount of money of incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book price of the treasury shares is 173 million yen, and the number of shares is 174,200. At the end of the current consolidated fiscal second quarter, the book price of the treasury shares is 153 million yen, and the number of shares is 154,200.

(Related to quarterly consolidated balance sheet)

Notes receivable endorsed

	As of March 31, 2023	As of September 30, 2023
	1,168 million yen	1,074 million yen

(Related to quarterly consolidated statement of income)

*1 Major selling, general and administrative expenses

	Six months ended September 30, 2022	Six months ended September 30, 2023
Sales commission	231 million yen	279 million yen
Packing and transportation costs	493 million yen	482 million yen
Remuneration, salaries and allowances for directors (and other officers)	2,480 million yen	2,704 million yen
Provision for bonuses	446 million yen	462 million yen
Provision for bonuses for directors (and other officers)	37 million yen	45 million yen
Provision for share awards for directors (and other officers)	31 million yen	24 million yen
Retirement benefit expenses	102 million yen	107 million yen
Welfare expenses	628 million yen	670 million yen
Provision for product warranties	92 million yen	82 million yen
Travel and transportation expenses	230 million yen	319 million yen
Provision of allowance for doubtful accounts	34 million yen	147 million yen

*2 Gain on liquidation of subsidiaries

Six months ended September 30, 2022

This is from the liquidation of our consolidated subsidiary ANEST IWATA (DONGGUAN) Corporation.

(Related to quarterly consolidated statement of cash flows)

* Relationship between cash and cash equivalents at end of period and amounts for items mentioned in the quarterly consolidated balance sheet

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash and deposits	13,566 million yen	15,315 million yen
Time deposits with maturities of more than three months	(1,629) million yen	(1,912) million yen
Derivative deposits	(245) million yen	(271) million yen
Cash and cash equivalents	11,692 million yen	13,130 million yen

(Related to shareholders' equity, etc.)

Six months ended September 30, 2022

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
June 24, 2022 Ordinary general shareholders' meeting	Common shares	694	17.0	March 31, 2022	June 27, 2022	Retained earnings

(Note) The total amount of dividends includes the dividend of 3 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

2. Of the dividends whose record date belongs to the six months ended September 30, 2022, the effective date of the dividend is after September 30, 2022

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
November 9, 2022 Board of Directors meeting	Common shares	650	16.0	September 30, 2022	December 6, 2022	Retained earnings

(Note) The total amount of dividends includes the dividend of 2 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

3. Significant changes to the shareholders' equity

There are no relevant matters.

Six months ended September 30, 2023

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
June 23, 2023 Ordinary general shareholders' meeting	Common shares	894	22.0	March 31, 2023	June 26, 2023	Retained earnings

(Note) The total amount of dividends includes the dividend of 3 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

2. Of the dividends whose record date belongs to the six months ended September 30, 2023, the effective date of the dividend is after September 30, 2023

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
November 9, 2023 Board of Directors meeting	Common shares	894	22.0	September 30, 2023	December 7, 2023	Retained earnings

(Note) The total amount of dividends includes the dividend of 3 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

3. Significant changes to the shareholders' equity

There are no relevant matters.

(Segment information, etc.)

[Segment information]

I Six months ended September 30, 2022

1. Information about the amounts of net sales and profit in each reporting segment and information about the disaggregation of revenue

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (Note)	
Net sales						
Revenue from contracts with customers	7,890	3,560	2,704	4,710	3,747	22,613
Sales to external customers	7,890	3,560	2,704	4,710	3,747	22,613
Internal sales or transfers between segments	3,577	121	225	418	914	5,256
Total	11,467	3,682	2,930	5,128	4,661	27,870
Segment profit	1,488	259	340	309	694	3,091

(Note) The "Others" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

2. Difference between the total amounts of profit of the reporting segments and the amount reported in the quarterly consolidated statement of income, as well as the main items of the difference (matters related to difference adjustment)

(Amount: million yen)

Profit	Amount
Reporting segment total	3,091
Company-wide expenses (Note)	(475)
Inter-segment transactions erased	(275)
Operating profit in the quarterly consolidated statement of income	2,340

(Note) Company-wide expenses are mainly selling, general and administrative expenses that cannot be attributed to the reporting segments.

II Six months ended September 30, 2023

1. Information about the amounts of net sales and profit in each reporting segment and information about the disaggregation of revenue

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (Note)	
Net sales						
Revenue from contracts with customers	9,085	4,184	3,316	5,445	3,866	25,898
Sales to external customers	9,085	4,184	3,316	5,445	3,866	25,898
Internal sales or transfers between segments	4,171	373	213	514	898	6,171
Total	13,256	4,558	3,529	5,959	4,765	32,069
Segment profit	1,866	524	469	297	764	3,923

(Note) The "Others" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

2. Difference between the total amounts of profit of the reporting segments and the amount reported in the quarterly consolidated statement of income, as well as the main items of the difference (matters related to difference adjustment)
(Amount: million yen)

Profit	Amount
Reporting segment total	3,923
Company-wide expenses (Note)	(583)
Inter-segment transactions erased	(474)
Operating profit in the quarterly consolidated statement of income	2,866

(Note) Company-wide expenses are mainly selling, general and administrative expenses that cannot be attributed to the reporting segments.

(Related to revenue recognition)

Information that breaks down revenue from contracts with customers is presented in "Notes (Segment information, etc.)."

(Per share information)

Basic earnings per share and calculation basis are as follows.

Item	Six months ended September 30, 2022	Six months ended September 30, 2023
Basic earnings per share	48.75 yen	64.82 yen
(Basis for calculation)		
Profit attributable to owners of parent (million yen)	1,973	2,623
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	1,973	2,623
Average number of common shares outstanding in the period (shares)	40,491,927	40,475,459

(Notes) 1. Diluted earnings per share is not stated because there are no diluted shares.

2. The shares of the Company remaining in the "Board Benefit Trust (BBT)," which are recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted when calculating the average number of shares outstanding in the period for the calculation of basic earnings per share.

The average number of treasury shares in the period, which was deducted when calculating the basic earnings per share was 180,000 shares for the previous consolidated cumulative second quarter and 165,629,000 shares for the current consolidated cumulative second quarter.

(Important subsequent events)

There are no relevant matters.

2 [Others]

At the Board of Directors meeting held on November 9, 2023, a resolution was made to pay the following interim dividend to the shareholders listed or registered in the Shareholder Registry as of September 30, 2023.

- | | |
|---|------------------|
| (i) Total amount of interim dividend | 894 million yen |
| (ii) Interim dividend per share | 22.00 yen |
| (iii) Effective date for payment claim and payment start date | December 7, 2023 |

Part 2 [Information on Guarantee Companies, etc. of the Submitting Company]

There are no relevant matters.

(English Translation)
Independent Auditor's Quarterly Review Report

November 10, 2023

To the Board of Directors of
ANEST IWATA Corporation

Fujimi Audit Corporation
Tokyo Office

Engagement Partner
Certified Public Accountant: Toshio Saito

Engagement Partner
Certified Public Accountant: Miho Toriumi

Auditor's Conclusion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we conducted a quarterly review of quarterly consolidated financial statements, that is, the quarterly consolidated balance sheet, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income, quarterly consolidated statement of cash flows and notes of ANEST IWATA Corporation ("the Company"), which is listed in the "Status of Accounting" section for the second quarter consolidated accounting period (July 1, 2023 to September 30, 2023) and second quarter consolidated cumulative period (April 1, 2023 to September 30, 2023) of the consolidated fiscal year from April 1, 2023 to March 31, 2024.

In the quarterly review conducted by our audit firm, the above quarterly consolidated financial statements are in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan. Nothing has come to our attention that causes us to believe that the financial position of the Company and its consolidated subsidiaries as of September 30, 2023, and the operating results for the second quarter of the consolidated cumulative period ending the same day, are not fairly stated with regards to all important points.

Basis of Auditors' Conclusions

We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibilities under the quarterly review standards are described in "Responsibility of the Auditor in the Quarterly Review of the Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the evidence we have obtained provides a basis for our conclusions.

Responsibility of Management and the Audit and Supervisory Committee for Quarterly Consolidated Financial Statements

Management is responsible for preparing and fairly presenting quarterly consolidated financial statements in accordance with standards generally accepted in Japan for preparing quarterly consolidated financial statements. This includes establishing and operating such internal control deemed necessary by management to enable the preparation and fair presentation of the quarterly consolidated financial statements that are free from hypocritical representations due to fraud or error.

While preparing quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare quarterly consolidated financial statements based on the premise of a going concern and for disclosing matters related to going concern in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan, if necessary.

The responsibility of the Audit and Supervisory Committee is to monitor the execution of duties by directors in the development and operation of the financial reporting process.

Responsibility of the Auditor in the Quarterly Review of the Quarterly Consolidated Financial Statements

The responsibility of the auditor is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in the quarterly review report based on the quarterly review conducted by the auditor.

The auditor shall exercise professional judgment and maintain professional skepticism when implementing the following throughout the course of the quarterly review in accordance with the quarterly review standards generally accepted in Japan.

- The auditor shall primarily conduct interviews with the management and the persons responsible for the matters concerning finance and accounting, etc., analytical procedures and other quarterly review procedures. The quarterly review procedure is more limited than the annual financial statement audit conducted in accordance with auditing standards generally accepted in Japan.
- In the event that the auditor determines that there are material uncertainties regarding events or circumstances that may cast significant doubt on the premise of a going concern, the auditor shall conclude based on the evidence obtained that whether there are any matters in the quarterly consolidated financial statements that could lead to the belief that they are not properly presented in accordance with the standards for preparing quarterly consolidated financial statements generally accepted in Japan. In addition, in cases where significant uncertainty regarding the premise of a going concern is found, the quarterly review report shall draw attention towards the notes in the quarterly consolidated financial statements, and in cases where the notes in the quarterly consolidated financial statements regarding significant uncertainty are not appropriate, the quarterly consolidated financial statements are required to express a qualified conclusion or a negative conclusion. Although the auditor's conclusions are based on evidence available up to the date of the quarterly review report, future events or circumstances may prevent the entity to cease to exist as a going concern.
- The auditor shall assess whether there are any matters that would lead us to believe that the presentation and the notes in the quarterly consolidated financial statements do not conform to the standards used for preparing the quarterly consolidated financial statements generally accepted in Japan and assess whether there are any matters that would lead us to believe that the presentation, composition and content of the quarterly consolidated financial statements, including the related notes, as well as the transactions and accounting events on which the quarterly consolidated financial statements are based, are not fairly represented.
- The auditor shall obtain evidence concerning the financial information of the Company and its consolidated subsidiaries in order to express a conclusion on the quarterly consolidated financial statements. The auditor is responsible for directing, supervising, and performing the quarterly review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusions.

The auditor shall report to the Audit and Supervisory Committee on the scope of the planned quarterly review, the timing of its implementation, and important findings of the quarterly review.

The auditor shall report to the Audit and Supervisory Committee that the auditor has complied with Japan's code of professional ethics regarding independence as well as on matters reasonably believed to affect the independence of the auditor and any measures taken to eliminate disincentives or safeguards applied to reduce disincentives to an acceptable level.

Conflict of Interests

There is no interest that should be noted pursuant to the provisions of the Certified Public Accountant Act between the Company or its consolidated subsidiaries and our audit firm or between the Company or its consolidated subsidiaries and the managing partners.

Regards

(Notes) 1. The original of the above quarterly review report is kept separately by the Company (the company submitting the quarterly report).

2. XBRL data is not included in the scope of the quarterly review.